

STATE OF WASHINGTON



OFFICE OF  
INSURANCE COMMISSIONER

IN THE MATTER OF	)	
	)	ORDER NO. D04-80
FIDELITY SECURITY LIFE	)	
INSURANCE COMPANY,	)	CONSENT ORDER
	)	LEVYING A FINE
An Authorized Insurer.	)	

FINDINGS OF FACT

1. Fidelity Security Life Insurance Company ("Fidelity" hereafter) is a life and disability insurer that is authorized to do business in those lines of business in the State of Washington. Fidelity is not authorized to write property or casualty business in the State of Washington and Fidelity was not so authorized at any time material hereto.

2. The Cruise Center is a Washington corporation licensed as an insurance producer in Washington with one agent, R.B. Trout, licensed as an insurance agent in the State of Washington. At all times material hereto, neither The Cruise Center nor R.B. Trout were appointed as Fidelity agents.

3. Fidelity underwrote travel insurance which had been marketed by the Global Marketing Connections Group of Coral Springs, Florida, to travel agent producers including the Cruise Center. Between November 2002, and May 2003, 263 policies underwritten by Fidelity were sold by The Cruise Center in Washington to Washington residents, which insurance provided coverage that included property and casualty as well as life and disability coverage.

4. Global Marketing Connections Group's internet advertising to prospective producers represented that "You determine the amount of compensation you wish to earn...even on a per sale basis! By adjusting your compensation, you control the price of insurance." By solicitation letter to one travel agent, Global Marketing Connections Group further represented as follows:

We have designed our program so that travel and cruise agencies can earn commissions higher than 35%! In fact our program allows you to set the retail price of the insurance (on a sale-by-sale basis) and select your own compensation level, up to 50%!

Neither piece of advertising was approved by Fidelity.

5. Fidelity failed to file rates or forms for the travel insurance sold to Washington residents and no rates or forms for such products were ever approved in Washington.

## CONCLUSIONS OF LAW

1. Fidelity's sale in Washington of certificates of coverage for travel insurance when the policy and certificate forms were not approved violated RCW 48.18.100, its requirement that every insurer, before using, file its insurance policy forms with the OIC, and the provision of WAC 284-30-600(3)(b) requiring insurers marketing group insurance coverage in this state to file copies of all certificate forms and any other related forms providing coverage, including trust documents, at least thirty days prior to use.

2. Fidelity's sale in Washington of certificates of coverage for travel insurance for which rates had not been filed with OIC violated RCW 48.19.040 and its requirement that every insurer, before using, file its rates with the Commissioner.

3. Fidelity's sale of travel insurance in Washington through agents for whom appointments had not been filed violated the requirement of RCW 48.17.160 that every insurer on appointing an agent in Washington shall file written notice thereof with the commissioner.

4. Fidelity's sale of travel insurance in Washington that included property and casualty coverage exceeded the scope of its certificate of authority and violated the restriction in RCW 48.05.330 on the kinds of insurance which may be transacted by a life insurer.

## CONSENT TO ORDER

Fidelity wishes to resolve this matter without further administrative or judicial proceedings. Fidelity hereby consents to the entry of this order and acknowledges its duty to comply fully with the applicable laws of the State of Washington.

By agreement of the parties, the OIC will impose a fine of \$35,000 upon the Company.

Pursuant to RCW 48.05.185, failure to pay the fine timely shall constitute grounds for the revocation of the insurer's certificate of authority and for the recovery of the fine in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

EXECUTED this 14<sup>th</sup> day of April, 2004 by:

FIDELITY SECURITY LIFE INSURANCE COMPANY

Signed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Title: \_\_\_\_\_

ORDER:

Pursuant to RCW 48.05.185, the Insurance Commissioner hereby imposes a fine of Thirty-Five Thousand Dollars (\$35,000) upon Fidelity Security Life Insurance Company. The fine must be paid in full within thirty days of the entry of this order in Tumwater, Washington. Failure to pay the fine timely shall constitute grounds for the revocation of the insurer's certificate of authority and for the recovery of the fine in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

ENTERED AT TUMWATER, WASHINGTON on this 19<sup>th</sup> day of April, 2004.

Mike Kreidler  
Insurance Commissioner

By: \_\_\_\_\_  
Charles D. Brown  
Staff Attorney, Legal Affairs